

EXCHANGE BOARD RECOMMENDATIONS

MARYLAND HEALTH BENEFIT EXCHANGE

ACT OF 2012 – Senate Bill 238/House Bill 443

OPERATING MODEL - RECOMMENDATIONS

- 1. The Exchange should have the flexibility to set minimum standards for qualified health plans above the requirements of the Affordable Care Act.**
- 2. The Exchange should have the flexibility to modify its approach to contracting over time.**

INSURANCE ARTICLE - TITLE 31 – MARYLAND HEALTH BENEFIT EXCHANGE

Section 110 (new) – Operating Model

- Exchange shall balance stable and robust enrollment with pursuit of key objectives like high quality standards of care, delivery system reforms, health equity, and cost controls
- Exchange has authority in 2014 to establish minimum standards beyond ACA while allowing all plans meeting standards to participate;
- After 2014, Exchange has authority to use alternative forms of contracting, e.g. competitive bidding, negotiation, and partnering with plans, to promote key objectives
- Exchange must continue to assess impact of contracting strategies and work with Commissioner to determine whether market participation requirements should be modified



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

MARKET RULES AND RISK MITIGATION - RECOMMENDATIONS

- 3. The essential benefits package should be settled as early as possible and at the latest by September 30, 2012.**

BILL

Section 116 (new) – Essential Health Benefits

- Essential Health Benefits shall be those in State's benchmark plan and shall be the benefits required in all non-grandfathered plans offered in the individual and small group markets inside and outside the Exchange beginning Jan. 1, 2014
- State seeks to balance comprehensiveness of benefits with plan affordability; to accommodate diverse health needs to the extent possible, and to ensure stakeholder input
- Health Care Reform Coordinating Council shall conduct public stakeholder process on selection of State's benchmark plan; has authority to select plan which is not subject to all State mandated benefits
- Council shall make selection by September 30, 2012



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

MARKET RULES AND RISK MITIGATION - RECOMMENDATIONS (cont.)

4. Carriers above a minimum participation threshold should be required to offer products in the Exchange. The small group minimum participation threshold should be set at \$20 million in annual premium revenue, and the individual threshold should be set at \$10 million in annual premium revenue.
5. Carriers offering a catastrophic plan, as defined by the Affordable Care Act, outside the Exchange should be required to participate in the Exchange.
6. The Exchange should assess the adequacy of the participation threshold over time. The MIA should have the flexibility, in consultation with the Exchange, to adjust the threshold for plans over time.

INSURANCE ARTICLE - TITLE 15 – HEALTH INSURANCE

Section 1204 – Requirements and Limitations for Carriers

Required participation in SHOP Exchange: Carriers offering in small group market outside Exchange must also offer in SHOP Exchange

- Exceptions for carriers with less than \$20 million of reported annual premiums:
- Must provide evidence of qualification for exemption
- Commissioner has authority to reassess and modify exemption



MARKET RULES AND RISK MITIGATION – RECOMMENDATIONS (Cont.)

INSURANCE ARTICLE - TITLE 15 – HEALTH INSURANCE

Section 1503 – Requirements for Carriers

Required participation in Individual Exchange: Carriers offering in individual market outside Exchange must also offer in Individual Exchange

- Exceptions for carriers with less than \$10 million in reported annual premiums
- Must provide evidence of qualification for exemption
- No exemption if carrier offers catastrophic plan outside Exchange even with less than \$10 million in premiums
- Commissioner has authority to reassess and modify exemption



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

MARKET RULES AND RISK MITIGATION – RECOMMENDATIONS (Cont.)

- 7. The Maryland Health Insurance Plan assessments should be allocated to the Exchange for the purpose of risk mitigation.**

INSURANCE ARTICLE - TITLE 31 – MARYLAND HEALTH BENEFIT EXCHANGE Section 117 (new) – Risk Adjustment and Reinsurance Programs

Transitional Reinsurance Program: Exchange shall operate in consultation with Maryland Health Care Commission and with approval of Insurance Commissioner, in accordance with federal regulations

Risk Adjustment Program:

- Exchange shall operate, with approval of Commissioner, to protect carriers against excessive health care expenses incurred by high-cost individuals
- Exchange shall strongly consider using federal model to operate program in 2014

SECTION 3: Risk Adjustment Study

Maryland Insurance Administration study

- Whether a Maryland-specific risk adjustment program would be more effective than federal model
- Report and recommendations due December 1, 2012



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

DENTAL PLANS

8. The Exchange should offer both stand-alone dental plans and dental plans that are bundled with health plans as options for consumers to purchase.
9. The Exchange should develop requirements for qualified dental plans based on the requirements for qualified health plans at the time the health plan requirements are finalized.

BILL

Section 115 (formerly Section 109) – Certification of Health Benefit Plans

Qualified dental plans to be offered in Exchange

- Stand-alone or bundled
- Exchange to determine standards in conjunction with determination of qualified health plan standards



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

SHOP EXCHANGE - RECOMMENDATIONS

10. The Exchange should keep the individual and small group markets separate in 2014.
11. In 2016, the Exchange should reassess merging the two markets.
12. The Exchange should not expand the small group market to include employers with 51 to 100 employees prior to 2016.

BILL

Section 111 (new) – Small Business Health Options Program (SHOP) Exchange

Separate market: SHOP Exchange shall be separate from Individual Exchange

Goals: SHOP Exchange viability, increasing access to coverage, predictability for employers, employee choice

SECTION 6: Merging of SHOP and Individual Exchange Markets

Exchange study, with report and recommendations due December 1, 2016

No legislation necessary for Recommendation 12.



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

SHOP EXCHANGE – RECOMMENDATIONS (Cont.)

13. The Exchange should offer the federally-required level of employee choice and continue to allow small employers to offer one issuer with one or more qualified health plans in the Exchange.
14. The Exchange should re-evaluate employee choice options in 2016.
15. The Exchange should analyze options for partnering with existing resources in the state in developing the SHOP Exchange.

BILL

Section 111 (new) – Small Business Health Options Program (SHOP) Exchange

Employer options: Employer designates metal level from which employees choose any plan at that level, or employer designates menu of plans issued by single carrier and employees choose from menu

Exchange authority to modify employer and employee choice: May reassess and modify manner in which employers may offer and employees may choose plans to promote SHOP Exchange objectives, including increased insurance portability

No legislation necessary for Recommendation 15.



NAVIGATOR PROGRAM – RECOMMENDATIONS

16. The Exchange should have separate Navigator programs for the individual and small group markets.
17. The Exchange should work with Medicaid to integrate the Navigator Program with Medicaid outreach and enrollment.
18. The Exchange should adopt the Producer interface Model for the SHOP Exchange and the market Integration Option for the Individual Exchange. These options maintain and utilize the expertise in the existing marketplace to reach the 730,000 uninsured in Maryland.
19. The Exchange should develop and implement a certification program, approved by the MIA, for individuals who perform certain Navigator functions. Navigators earning certification by the Exchange should be exempt from producer and adviser licensure requirements.
20. The Exchange and MIA should develop enforcement model for Navigator misconduct.

BILL

Section 112 (new) – SHOP Exchange Navigator Program

Purpose: To focus outreach on employers not offering insurance; to rely substantially on existing producer community to achieve goal of reaching all market segments



NAVIGATOR PROGRAM – RECOMMENDATIONS (Cont.)

SHOP Exchange navigators:

- Conduct education and outreach, distribute information, and sell qualified health and dental plans; facilitate activities related to plan selection, enrollment, renewals, disenrollment, tax credit eligibility, referrals, and support
- May not provide information or services related to health benefit plans or other products not offered in SHOP Exchange
- May not seek to replace any health benefit plan already offered by a small employer unless the employer is eligible for a tax credit
- Must hold special navigator license issued and regulated by Insurance Commissioner; functions limited to consumer assistance with respect to qualified health and dental plans sold in SHOP Exchange; compensated by SHOP Exchange and not by carriers

Insurance producers:

- May obtain training and authorization from SHOP Exchange to sell qualified health and dental plans;
- Compensation from carriers only

Enforcement:

- Commissioner may impose sanctions, including license revocation, on navigators
- SHOP Exchange may impose sanctions, including revocation, on producer authorization



NAVIGATOR PROGRAM – RECOMMENDATIONS (Cont.)

Section 113 (new) – Individual Exchange Navigator Program

Purpose: To focus outreach on individuals who do not have insurance; utilize CBOs and other entities familiar with vulnerable and hard-to-reach populations; provide seamless entry into all insurance plans and programs

Individual Exchange Navigators:

- May conduct all ACA-required functions, e.g., conduct education and outreach, distribute information about and facilitate selection, enrollment, renewal, disenrollment, etc. in qualified health and dental plans; conduct eligibility determinations for Medicaid, MCHIP, and premium subsidies, provide ongoing support with respect to these functions
- May not provide information or services related to health benefit plans or other products not offered in the Exchange; shall refer inquiries to insurance producers
- Shall refer individuals with insurance obtained through an insurance producer back to producer unless individual is eligible for premium subsidies and producer is not authorized to sell in Exchange
- Shall comply with all Medicaid and MCHIP regulations
- Must be trained and hold navigator certification issued by the Individual Exchange
- Must work for an entity engaged by Individual Exchange
- Navigators and navigator entities need not provide full scope of navigator services but may be engaged instead to provide subset of services



NAVIGATOR PROGRAM – RECOMMENDATIONS (Cont.)

Section 113 (new) – Individual Exchange Navigator Program (cont.)

Commissioner's authority : Commissioner may require corrective plan to address any problems in the Individual Exchange's certification program

Insurance producers:

- May obtain training and authorization from Individual Exchange to sell qualified health and dental plans in Individual Exchange
- Compensation from carriers only

Enforcement:

- Commissioner may impose sanctions on navigators, including certification revocation
- Individual Exchange may impose sanctions, including revocation, on producer authorization

Section 114 (new) – Medicaid and MCHIP financial support of Exchange

- Law does not impose any specific financial obligations on Medicaid or MCHIP to support Exchange functions or services performed by Individual Exchange navigators
- Financial support will be governed by MOU



EXCHANGE BOARD RECOMMENDATIONS: SB 238/HB 443

ADVERTISING, MARKETING AND PUBLIC RELATIONS – RECOMMENDATIONS

21. The Exchange should use federal grant funds to develop and implement a broad marketing and outreach campaign that not only educates all Marylanders about the value of health insurance and the Exchange, but also drives enrollment into the Exchange.

No legislation necessary.

FINANCING – RECOMMENDATIONS

22. Because of the significant benefits the Exchange offers to Marylanders, the foundation for the Exchange's funding should be a broad-based assessment with additional funding coming from transaction fees tied to enrollment within the Exchange.

23. A decision on financing should be made in early 2013.

BILL

SECTION 4: Exchange Financing

Study by joint legislative-executive branch task force

- To further develop and refine Exchange recommendations
- Report by December 1, 2012 with legislative framework



CONTINUITY OF CARE – RECOMMENDATIONS

- 24. The Exchange should require transition of care language in contracts as part of qualified health plan certification and work with Medicaid to promote reciprocal care transition provisions in the managed care organization contracts.**

BILL

Section 115 (formerly Section 109) – Certification of Health Benefit Plans

Standards developed by Exchange for qualified health plans:

- Transition of care and cross-border enrollment provided as examples

SECTION 7: Requirements for Continuity of Care

- Exchange study on costs and benefits of continuity of care requirements in Medicaid, MCHIP, and health benefit plans offered in the individual and small group markets inside and outside Exchange; report and recommendations due December 1, 2012



MULTI-STATE AND REGIONAL CONTRACTING – RECOMMENDATIONS

25. Current cross-border enrollment policies should remain in place.

26. If another state wishes to engage in multi-state contracting with Maryland, the Exchange should have the flexibility to contract with that state, but should not be obligated or prohibited from doing so.

BILL

Section 109 (new) - Multi-state contracting

- Exchange may enter into interstate agreements to develop reciprocal certification, consistency of qualified health and dental plans offered across state lines, and coordination of administrative processes
- Agreements must advance and be consistent with purposes and policies of Exchange

Section 115 (formerly Section 109) – Certification of Health Benefit Plans

Standards developed by Exchange for qualified health plans:

- Transition of care and cross-border enrollment provided as examples



PLAN FOR FRAUD, WASTE AND ABUSE – RECOMMENDATIONS

27. The Exchange should develop a full-scale fraud, waste and abuse detection and prevention program that defines a framework for internal controls, identifies control cycles, conducts risk assessments, documents processes, and implements controls.

BILL

Section 118 (formerly 111) - Administration of Exchange

Fraud, waste and abuse program: Exchange shall establish a full-scale detection and prevention program

- Develop plan for internal controls, risk assessments, and processes
- Submit to legislative committees for review and comment
- Include information on program in its annual report



NEXT STEPS

Stakeholder Amendment Process

- Under leadership of Lieutenant Governor
- Comments and proposed amendments have been submitted by about 20 stakeholder representatives/groups.
- Administration in process of working through amendments to develop proposed consensus package to be submitted to House and Senate committees.
- Third meeting for discussion of Administration's proposed amendment package, Friday, March 2, 2012, 10:00-noon.

Committee Process

Enactment



NEXT STEPS

Committee Process

- Senate Bill 238 hearing, Finance Committee, Wednesday, February 22, 2012 at 1:00 p.m.
- House Bill 443 hearing, Health and Government Operations Committee, Thursday, Feb. 23 at 1:00 p.m.
- Committees consider amendments and vote bill out of committee for consideration by full House and Senate

Passage by Senate and House

Governor signs into law



Summary of Major Amendment Categories

Market Rules

Eliminate participation requirement

Require any change in requirement through regulatory process

Selective Contracting

Remove or delay selective contracting authority and/or authority to establish QHP standards

Add examples of quality and affordability objectives to be pursued through selective contracting

SHOP Exchange

Require further study before any modification of employer choice

Prohibit incentives for employer choice of one option over another

Underscore need for continuity of care

SHOP Exchange Navigator Program

Modify/clarify functions, obligations, independence and licensure of SHOP navigators

Clarify roles of consumer assistance public agencies

Establish Navigator Advisory Group



STAKEHOLDER PROPOSED AMENDMENTS: SB 238/HB 443

Summary of Major Amendment Categories

Individual Exchange Navigator Program

Modify/clarify functions and obligations of navigator entities and individual navigators, including entity certification

Require coordination of oversight by DHMH and MIA

Establish tiers in certification program and/or exemptions from certification requirements

Modify applicability of sanctions

Clarify roles and required referrals to consumer assistance public agencies

Qualified Health Plan Certification

Clarify MCO exemption from participation in Exchange

Modify or establish additional requirements for QHP coverage

Qualified Dental Plans

Modify pricing rules

Modify/clarify extent to which QHP standards are applicable

Qualified Vision Plans

Allow Exchange to offer QVPs and clarify extent to which QHP standards are applicable



STAKEHOLDER PROPOSED AMENDMENTS: SB 238/HB 443

Summary of Major Amendment Categories

Essential Health Benefits

- Establish additional standards to guide HCRCC's selection of State's benchmark
- Establish EHB Advisory Group
- Ensure that EHB include pediatric dental and vision coverage
- Move selection deadline

Fraud, Waste, and Abuse Program and Exchange Reporting Requirements

- Clarify scope of fraud prevention program and delay reporting requirements

Carrier Enrollment of Qualified Individuals

- Codification of federal requirement

Risk Adjustment Study

- Add study of MHIP surplus for use as subsidy and Maryland-specific reinsurance program

Financing Study

- Add Attorney General as member of committee

General Comments on Exchange Financing



QUESTIONS RAISED BY PROPOSED AMENDMENTS

Qualified Vision Plans

Three alternatives: no authority for Exchange to offer; authority to exercise option to offer, or mandated authority

Qualified Dental Plans

Should bundled plans be required or permitted to price dental and medical plans separately?

Incentives Attached to Employer's Selection of Employee Choice Option

Should carriers be prohibited from providing any incentives to producers which are dependent upon which employee choice option an employer selects in the SHOP Exchange?

Navigator Advisory Group

Should Exchange establish standing advisory committees?

